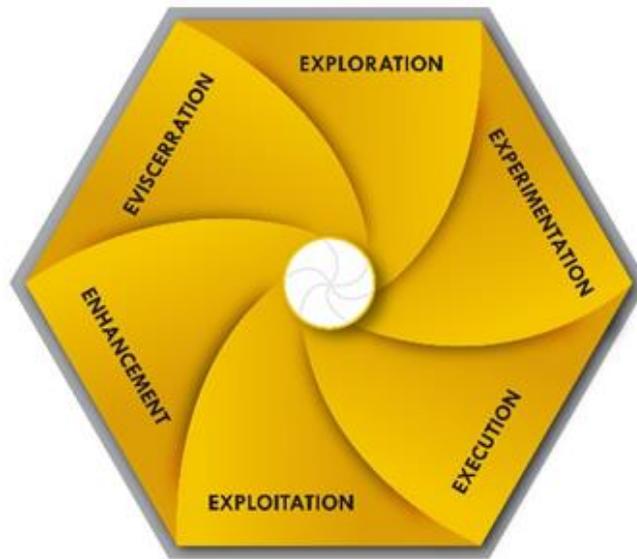# Beyond Explore and Exploit

An integrated end to end idea lifecycle

OVO Innovation

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Introduction

As our understanding of innovation and its relationship to new product development evolves, it's time to start thinking about innovation as a component of a product's life cycle, rather than an activity tacked on prior to the definition and rigor of product development. Innovators, product developers and product managers must broaden their apertures, continually evolving how we think about the context of ideas and products. To that end, we propose a dynamic, iterative and integrated idea and product lifecycle, to help place concepts like exploring and exploiting in their proper place. Doing so allows us to build on previous experience, enhancing the way practitioners think about innovation and product development, and in doing so become far more proficient at managing the entire lifecycle of an idea.

The shift to a larger framework for ideas and products began with the movement to better define product development methodologies, springing from managed, gated philosophies and moving onward to Lean and Agile frameworks. Product managers, R&D executives and others have encouraged the development of defined processes to manage resource allocations and project prioritization, within carefully managed development gates, to ensure more robust and more predictable product development. As these capabilities have grown, a new demand has emerged for more frequent and more interesting innovation, while sustaining product development expertise.

Explore and Exploit emerges
As demand for innovation increases, a new strategic framework is taking hold in corporate boardrooms, defining a balance between "exploration" and "exploitation". This framework is important because it allows executives to create a rationale for innovation while isolating it from efficient day to day operations. The division inoculates each activity from challenges presented by the other. Exploration is inoculated from burdensome rules and demands for immediate and predictable return on investment that exist in exploitation, while exploitation is inoculated from the variation and experimentation necessary for innovation. With these factors in mind, it makes perfect sense to establish an explore:exploit duality: exploring for new ideas and exploiting existing products and processes for maximum efficiency.

While easy to understand, the distinction is artificial and ignores iteration between the two activities. The arbitrary duality does a disservice to innovation, new product development and commercialization of new products and services, ignoring the fact that we should be thinking about the total lifecycle of an idea, from initial discovery to the end of product life. Attempting to frame and simplify strategies and critical activities, this duality instead creates a classic "forest and trees" challenge, focusing intently on a few key activities while losing sight of a larger perspective. We need to recognize that exploration and exploitation aren't exclusive or definitive, but are simply two activities within a system that compose the life cycle of an idea. In this paper we'll place exploration and exploitation in their correct context, as components of a larger system or lifecycle that must be understood in order to succeed.

Current State

The prevailing explore:exploit framework is useful for several reasons. First, exploration and exploitation are different activities, with different focus, seeking different outcomes. Exploration is favored by innovators because of its focus on *discovery*. Exploitation is favored by others in management because of its focus on *efficiency*. These two concepts are important but often at odds with each other. Second, executives use these terms to define a simplistic framework. Until recently, as innovation emerged as a strategic imperative, exploitation was the prevailing, if not the only, sentiment. As innovation grows in importance, executives need to provide new context. Thus the duality "explore:exploit" was created. Third, the duality provides a rationale to keep the highly efficient processes within the "exploit" activity from being distracted by the different tools and thinking within "explore". Increasingly, executives and innovators use these terms as if these two activities represent the sum total of all activities within product discovery, development and commercialization.
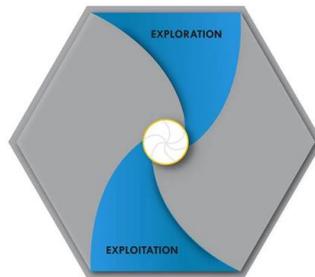
Defining corporate activities using the duality creates a chasm between teams and purposes and introduces an artificial separation, creating an "either/or" mentality when in actuality both of these activities are important and both are linked in a more complex process that we've yet to define appropriately. Thus, the explore:exploit duality is too limited and too divisive to adequately describe what's really going on.

The graphic below represents the entire lifecycle of an idea, beginning with exploration and ending with evisceration. These steps define a system, the entire lifecycle of an idea, from initial need identification to the final death of the product or service. Understanding this lifecycle, the integrated activities or phases, and key transition points, will strengthen the ability to develop more and better ideas and reap more profit from those ideas as products and services. The "pinwheel" below represents our version of this lifecycle. We chose a pinwheel metaphor for several reasons. A pinwheel relies on all of its segments in order to work effectively. If segments are missing, the pinwheel cannot turn effectively. This is a metaphor for how corporations think about the idea lifecycle. Second, a pinwheel is only useful when it is turning, cycling around its pivot. Likewise, every corporation should be cycling through each of these phases constantly. Third, the pinwheel is a continuous closed loop. Innovators need to be thinking about the entirety of the idea lifecycle, instead of creating artificial segments or components like the "front end" or product development. In reality, these are one continuous process and all segments or phases should work in harmony.

The idea/product lifecycle
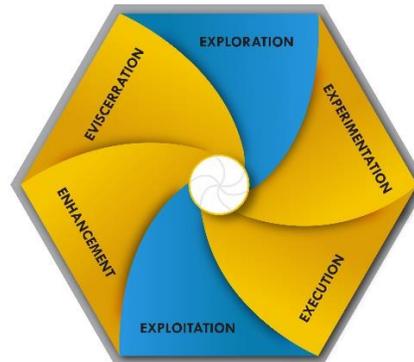
The six "E"s of the idea lifecycle

Within this lifecycle we've identified six phases, which we've chosen to represent with "E" words: Exploration, Experimentation, Execution, Exploitation, Enhancement and Evisceration. While the duality of explore:exploit still exists, it is tempered by and framed by a more cohesive context.

At the aggregate level, the explore:exploit duality makes sense, but at as a practical method for managing the work of discovering new needs, developing new ideas and commercializing new products or services, it simply isn't specific enough. Further, while corporations have deep expertise in phases such as execution and exploitation, there's little focus or experience in others. Each phase is important and there's simply too much going on in each to relegate them to the explore:exploit duality, and in many cases far too little knowledge of the importance of some of these activities or experience to carry them out.

Let's quickly define each phase or step in the life cycle of an idea, to better illustrate what each phase represents and why it is important.
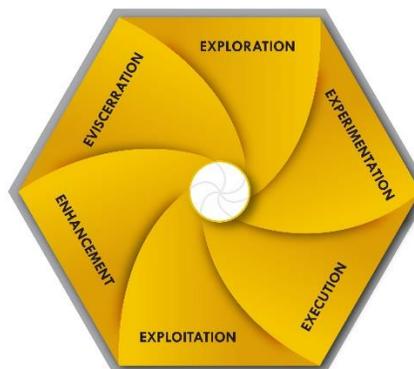
Exploration

To create something truly new and different, you must first discover new needs, emerging trends, or product and service gaps. Good innovation is based on discovery of new needs and emerging customers or scenarios. The dictionary defines exploration as the investigation of unknown regions.

Let's consider this definition. Innovation requires *investigation* – a deep examination and analysis of information – in *unknown or unfamiliar* regions. This definition is based on the concept of physical exploration, going to an uncharted place on a map. In the same way innovators must "go" to uncharted customers or prospects to discover unmet needs that aren't easily addressed or explained.

It's only through this deep search for needs and expectations, describing "jobs to be done" that aren't getting done, identifying complex, user-built work arounds that solve problems that innovators are going to be able to craft interesting, relevant and valuable new ideas.

Exploration requires more than reading market research at your desk. Great explorers took significant personal risk to discover new lands. Exploration requires interacting with people who aren't your customers, in their settings, engaging them in new interactions to discover new needs. As Exploration is the first activity in this lifecycle, it's critical to do an effective job defining scope and developing new insights. Every other activity in the lifecycle is dependent on the insights and discoveries made in this step. Poor exploration and discovery dooms the rest of the activity to incrementalism or failure.

Why exploration is difficult

Exploration can be difficult for several reasons. First, explorers are often questioning existing experience and knowledge, which places them at odds with past history, culture and efficient operations. Explorers should acknowledge existing information, build on it, extend it or potentially discard it for new information. This potential rejection makes exploration a real challenge in corporate America, because it places innovators in a position where they must ignore or even reject the knowledge and best practices of their own organization. Many corporations resist new discoveries because those discoveries don't validate or even align to existing thinking. But of course they weren't meant to validate existing thinking – the act of exploration was to discover something new and different. Corporate cultures and senior decision makers often view new discoveries as a threat to the status quo, or don't understand how to interpret the new data.

Exploration is also difficult because it requires the use of new tools and interactions. Few employees, managers or even executives have experience conducting good exploration and discovery, so Exploration activities aren't well-planned or executed, or companies outsource the work without sufficiently communicating their expectations about deliverables. Finally, since discovery is unusual and people are uncertain about how to do it, and pressed for time, there's rarely enough time or effort committed to this, the first step in the idea lifecycle. Rather, most innovation teams quickly converge around ideas that seem acceptable to existing internal expectations.

Exploration skill varies widely between companies and industries. Some industries, especially those with short product lifecycles and significant competition, do a relatively good job exploring for new needs and opportunities. Many other industries do little exploration and consequently suffer as competitors and new entrants discover new needs faster than the incumbents.

Inputs and Outputs of Exploration
Exploration begins by defining a specific market, segment, industry or opportunity to explore, and establishing goals for innovation, growth and differentiation. The Exploration phase ends with a well-defined list of needs, jobs to be done, ideas and potential solutions.

Experimentation
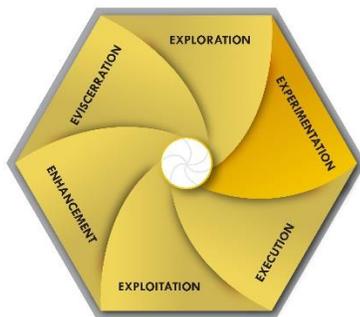
Experimentation is often recognized as an important activity within innovation, yet there's little experimentation conducted outside of classic product R&D activities. In the book *The Innovator's DNA*, Christensen and his co-authors identify experimentation as a critical trait that innovators share and others often lack. Why is a proven concept like experimentation so difficult to accomplish within large corporations? Why does experimentation contribute so much to an innovation activity?

First, let's examine why experimentation is so important to innovation. Good ideas are easy to generate, but hard to demonstrate and difficult to evaluate. Experimenting with different hypotheses, testing different ideas and receiving validation based on experiments helps establish which ideas have the most potential. Ideas aren't valuable until we can demonstrate specific features or capabilities and prove that customers want and need those features. Experimenting helps identify the best features and capabilities, and can help validate the solutions customers value the most. However, there can be a lot of "failure" in an experimentation step, as some ideas pan out and others are ruled out because of undesirable features or a lack of proven technology or market demand. Corporate America has trained its teams and processes to produce consistent results with few failures, while experimentation creates a significant amount of variability with a few successes and a lot of failures. What companies recognize as a vital activity an R&D lab is almost always rejected in any other function or process. Experimentation is rarely encouraged or implemented in an innovation activity, and that leads to poorly conceived and untested ideas.

Now let's turn our attention to reasons why experimentation can drive so much value for innovation. After ideas are generated, it's important to realize them as tangible products and services and test them internally and externally with prospects and customers. This cycle of experimentation proves that demand exists, helps reinforce core requirements and validate needs, and provides more definition for product requirements. Experimentation allows a team to consider alternatives, define the most important requirements and features and validate that a promising idea is also attractive to prospects and consumers. Constant experimentation, conducted in tandem with idea generation and prototyping leads to better ideas that have greater value to consumers.

Thinking about the lifecycle using an explore:exploit duality overlooks or ignores the Experiment activity, even though it's easy to demonstrate how valuable and important Experimentation is within the idea/product lifecycle. Moreover, Experimentation and Exploration are tightly linked and often iterative. Experimentation can lead to new and different Exploration.

Inputs and Outputs of Experimentation
The inputs to experimentation are customer needs and nascent ideas. Experimentation produces well-structured, market tested solutions that have been validated by prospects and customers and are ready for product and service development.

Execution
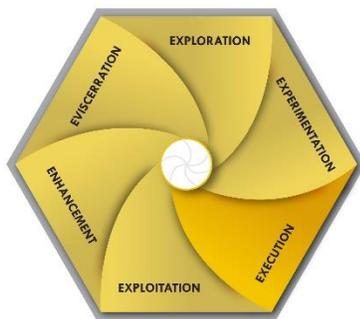
Once an idea has been proven through experimentation, prototyping and customer validation, companies must convert the idea into a valuable product or service through product development cycles and a marketing launch. In the explore:exploit duality execution is taken for granted, yet Execution is the most important step in realizing good ideas as new products and services, and Execution is also the step where most good ideas die in transit.

You see, the product development and commercialization process defines an important *transition*, as innovation activities give way to more formalized product and service development efforts. The Execution phase is problematic for new ideas because they are forced to compete for resources with existing products and projects. Product development processes are typically overloaded and overscheduled with existing products and often unable or unwilling to reallocate resources or reprioritize projects to make sufficient room for a new, unproven idea. This is especially true when the new idea emerges from a poorly defined "explore" phase that lacks definition and produces vague notions of the requirements and features of a new product or service.

The Execution phase is perhaps the least efficient phase from an innovation perspective, because product development and commercialization activities aren't fully synchronized, aligned and budgeted with front end innovation work. Innovation failure is most often an execution failure, because good ideas are sequenced and managed based on traditional metrics which don't rank innovation concepts as worthy of scarce product development resources, or worse, product development resources don't have the aptitude, skills or experience to deliver what's requested.

The Execution phase is the first phase where new ideas come into conflict with existing products and services, competing for resources and budgets, and new ideas are almost always at a distinct disadvantage. Existing products are known entities. Even if new ideas have potentially higher returns, existing products with known revenues and cost structures are favored, because their risks are lower. Good innovators need to recognize the bottleneck that the Execution phase presents, and determine resource allocation and project prioritization models to address these issues.

Inputs and Outputs of Execution

Well-formed ideas and concepts that have been validated by customers or consumers are the input to Execution, as well as existing product roadmaps and portfolios and past and current product development projects. Execution produces a new product or service that has been successfully launched into the marketplace.

## Investment and Return Phases
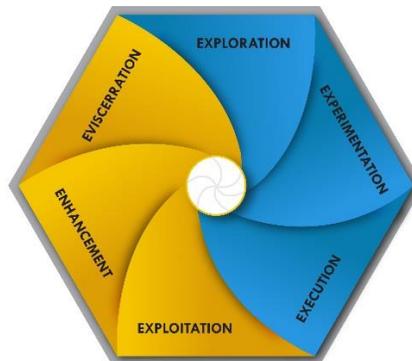
Exploration, Experimentation and Execution represent activities that are *investments*, generating costs with the promise of a return in the future. It's only after the idea is commercialized that revenue starts to flow and good ideas can return value to the organization.

Generating Revenue

Once an idea is converted to a new product and successfully launched into the market, it enters a new phase. In the Exploitation, Enhancement and Evisceration stages of the life cycle, value is realized and revenue and profits are generated from the best product and service ideas.

Exploit
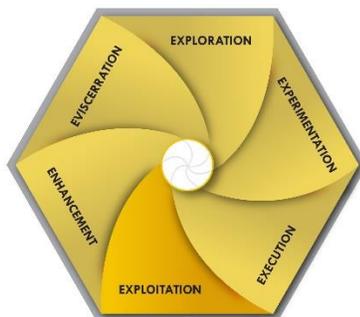
After Exploring, Experimenting and Executing to develop a valuable new idea, corporations want to Exploit a differentiated new product in the marketplace. A good innovator converts well-formed ideas into products and services to gain differentiation in revenue, profit, and market share.   This Exploitation phase is the activity that most corporations understand the best, and where they focus the majority of their time and effort, for good reason.

Note that we are using a word – exploitation – that can have uncomfortable meaning. Exploitation can conjure up the idea of rapacious capitalism, taking extraordinary profits by raising prices and gashing consumers. However, if your idea is a compelling one, you can easily justify higher prices and higher margins because your product or service is so innovative, and solves a challenging problem.

While exploitation is profitable, there are risks we should consider as well. The primary risk from a lifecycle perspective is too much focus on exploitation of existing products and services. There must be an appropriate balance between Exploiting existing products and services and reinvesting time and resources into Exploring and Experimenting. Exploitation is an important component of the idea/product life cycle, but too many companies treat exploitation is if it is the only activity. Too much emphasis on Exploitation means that corporations spend valuable resources on products or services reaching end of life. Rather than seeking a graceful exit, corporations spend more resources to extend useful life, throwing good money after bad and shortchanging other activities in the lifecycle.

Inputs and Outputs of Exploitation
The inputs for Exploitation are well-conceived and commercially available products and services. Exploitation produces revenue, profits, margin, market share and established products in need of extension or enhancement.

Enhance
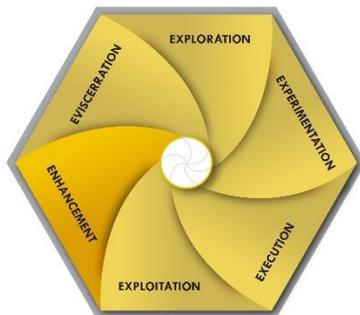
As an idea reaches the market, good innovators should examine all the opportunities to enhance the product, to constantly create new and better versions of the product or service. This of course can take on several dimensions: increasing features, increasing value, extending the applicability of the product to a broader audience or simply cutting costs. Enhancing an idea can easily fall prey to the idea of exploitation, to the degree that enhancing a product simply becomes exploiting a cost curve, constantly reducing costs to maintain margin, rather than considering every aspect to improve and enhance the product or service.

During the life of an established product, it encounters new competition or begins to fall out of favor with customers. At that point, the product can be 1) exploited by cutting costs, 2) enhanced to add new value or 3) eviscerated at its end of life. These considerations are being made every day by product managers.

Enhancement should explore a range of options to improve a product, by adding new features or capabilities that continue to create value for customers. But, as with the other activities, one must be careful to recognize that enhancement, like exploitation, is not an ends but a means to another task. Competitors can enter a market dominated by exploiters and enhancers and change the operating model so drastically that no amount of exploitation or enhancement will suffice.   Enhancement seeks both to extend and improve the life and value of a product, while also recognizing the potential for diminishing marginal return, leading to a logical end of life. Enhancing a product can also equate to extending the valuable life of the product, through new features, new packaging, introduction to new markets or channels.

Inputs and Outputs of Enhancement

The inputs to Enhancement are existing products and services in need of extension or enhancement to add to their viable life, allowing the firm to extract more revenue or profits from the investment. The outputs include new versions of existing ideas or the decision to terminate a product or service.

Evisceration (definition – to deprive of vital or essential parts)
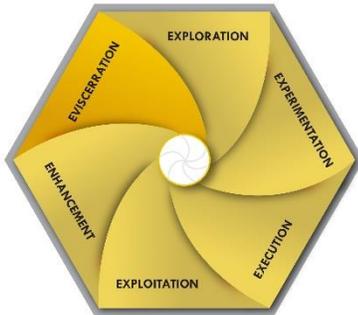
To remain true to the recurring theme, we chose the word Eviscerate to stand in for the last activity in the idea lifecycle. Eviscerate means to tear apart, to deprive of vital components. Once a product or service has reached its logical end of life, after careful exploitation and constant enhancement, the product or service will die. The only real question is: who terminates the product or service? Competitors constantly seek to upend your products and services, making them unnecessary or obsolete. You, too, can cannibalize your own products and services in a move for planned obsolescence. A planned, graceful exit can maximize profits and create clean transitions. Planning for the end of life for a product is almost as important as the beginning of its life.

Corporations often aren't willing to recognize the approaching end of life of a valuable product or service. Instead they pump valuable resources into an aging product or service, seeking to extract more value through exploiting and enhancing, when those resources should be redirected to exploration and experimentation. The reason is simple: corporations are far more comfortable investing in known products and services that have a successful track record, rather than investing in activities that may not create any return at all. Beyond the desire to invest in known products or services, few people want to take on the role of product executioner, meaning many products and services live well past their useful lives, consuming resources and clogging up product portfolios. Thus we believe it is important to be as willing to eviscerate your own products or services in a planned end of life exercise, ensuring adequate investments at beginning and end of life, than to continue to invest in a product or service that simply has no life left in it. Further, as you conduct a planned termination, your teams should harvest all the knowledge and information that is available that can be used to create new ideas or help exploit or extend existing products.

Inputs and Outputs of Evisceration

The inputs to Evisceration are older, outdated products or services that are near their end of life. The outputs of Evisceration include knowledge gleaned from a planned termination that contributes to new Exploration and Exploitation, as well as cash flow to fund other lifecycle activities that would have been used to prop up older, unsustainable products.

Using the Pinwheel to assess the status quo

Interesting insights emerge as we use the Pinwheel to represent this new lifecycle, and as we conduct some careful analysis.

First, we've been presented with a somewhat misleading duality, which doesn't represent the complete nature of the lifecycle of an idea. Explore:Exploit doesn't do justice to the important activities within the life cycle and establishes an arbitrary duality where none really exists. We should define a comprehensive idea lifecycle or system, in which activities such as Explore and Exploit assume important roles, but don't comprise the entire system. A lifecycle requires that we think completely about the entire journey of the idea, from initial discovery to final product death.
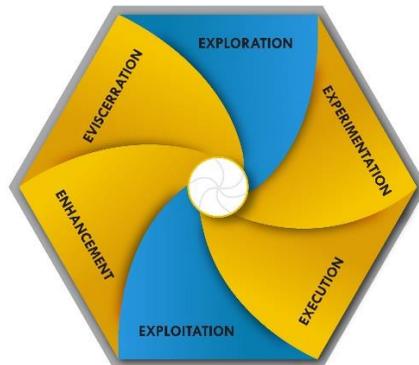

Identifying 3 Critical Transitions

Within this lifecycle, three important transitions can be identified and must be understood. The first transition forces ideas into conflict with established products and projects, which requires teams to rethink resources and priorities. The second transition shifts new products into revenue generation and commercial availability, the first broad interaction with the market. The third transition signals the beginning of the end of life for a product, and all the decisions and actions that entails.

First Transition – idea to product

The most abrupt transition occurs at the intersection of Experimentation and Execution, when the best ideas are presented for product and service development. During Exploration and Experimentation, ideas don't compete with existing products and projects for prioritization and resources. Once a good idea is identified, however, it must "cross the transom" and enter the product or service development cycle, which is typically fraught with challenges. Existing products and services are backed by key decision makers, and many projects have been planned and resourced for years, leaving few resources for new projects. Further, in this new setting, ideas are often judged using metrics like ROI that may not

present ideas in their best light. The resource allocation and project prioritization processes aren't flexible or adaptive to new ideas.
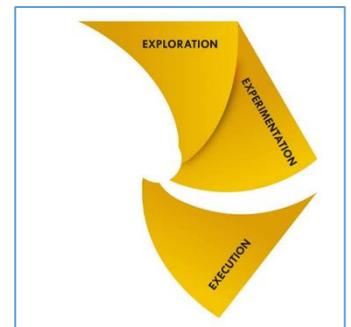
The transition between the early phases of Explore and Experiment and the development phase Execute is probably the most difficult transition for ideas. Innovators must first recognize how important this transition is, how often ideas fail to make this transition and consider how to bridge this gap so that good ideas are more readily prioritized and developed. This will require rethinking project prioritization and resource allocation, and may require the development of new metrics.
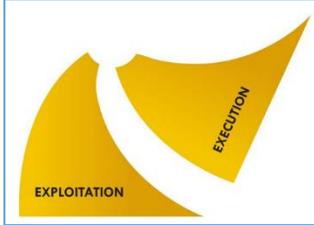
Second Transition – from cost to revenue
The second transition occurs when products and services are launched, leaving the Execution phase and entering the Exploitation phase. This transition marks the first time ideas move from an investment or cost basis to finally generating revenue and hopefully profits. This transition is fraught with challenge because of the expectations new products create and the desire to recoup the costs associated with the first three phases. This transition is especially difficult for newer or more disruptive ideas that may require more time for customers to find, understand and acquire, and that may require new channels or new marketing in order to launch effectively. The difficulty of the transition depends to a great extent on the amount of disruption the new product or service contains. Incremental innovation faces little challenge, because the products, their value propositions, channels and business models are already understood. New, disruptive products and services can face a difficult launch and make take far more time to build momentum in the marketplace.

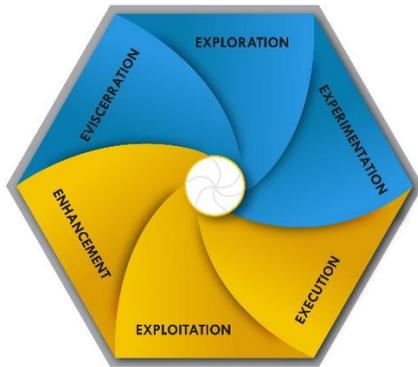*Third Transition – from life to product death*
The third transition occurs when the decision is made to Eviscerate a product or service, a formal admission of the product's end of life. As a product reaches its logical end of life, companies should harvest all the information and knowledge about the idea, and terminate all investment, marketing and other costs associated with the product, to free up resources for new exploration and experimentation. However, most decision makers find it difficult to absolutely terminate a product, and many are retained in a zombie state, taking up space and consuming resources that could be made available for other ideas in other phases.
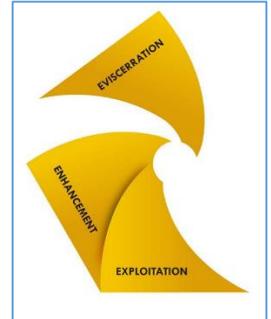
Understanding these transitions and reducing the challenges and barriers ideas and products experience in each transition will help your team bring the best ideas to market more quickly and generate more revenue and profits. Ignoring these transitions will ensure that you waste effort in the innovation activities and fail to capitalize on the few good ideas that get launched.

Using the Pinwheel to identify Expertise Gaps
Next, using the Pinwheel framework we can see that most companies have deep experience and efficacy in three activities or phases (Execution, Exploitation and Enhancement) and lack deep capabilities or expertise in the other three (Exploration, Experimentation and Evisceration):

A few industries stand apart in their ability to conduct Exploration and Experimentation. Those are primarily companies in industries where R&D is prevalent (software and technology), where experimentation is commonly practiced (at least for products) and where there is significant competition and short product cycle times. We believe that companies in other industries can learn from the companies that do have experience in Exploration and Experimentation.

It's not a surprise that corporations have the deepest expertise in Execution, Exploitation and Enhancement. After all, these are the activities where the greatest investment has taken place over the last 20-30 years. Corporations increasingly are effective, efficient machines capable of repeating known processes rapidly and consistently. Conversely, most corporations don't do a good job at either the beginning of the idea life cycle (Exploration and Experimenting) where they lack skills, haven't invested in tools, processes or people. They also don't do a good job at the end of the life cycle (Evisceration). This is probably because they believe that there's little to be gained focusing on a graceful end of life, and most people would rather be working on new or existing products that deconstructing older products. Far more investment and skill development is necessary, especially in these earlier phases.

The rationale for outsourcing innovation

Next, the Pinwheel can identify those activities which can be outsourced and those which are best insourced. We believe that Exploration and Experimentation can be outsourced to good partners with the right scope and expectations, but it's more difficult to outsource Exploitation and Enhancement, as they are so closely tied to operating processes, sales and marketing. The Explore and Experiment phases are perhaps the best opportunities to capitalize on the growing trend of crowdsourcing and open innovation, discovering new trends, ideas, technologies or products and services developed by partners or third parties.

THESE ACTIVITIES REPRESENT ACTIVITIES
THAT CAN BE OUTSOURCED

THESE ACTIVITIES REPRESENT ACTIVITIES
THAT SHOULD REMAIN INSOURCED
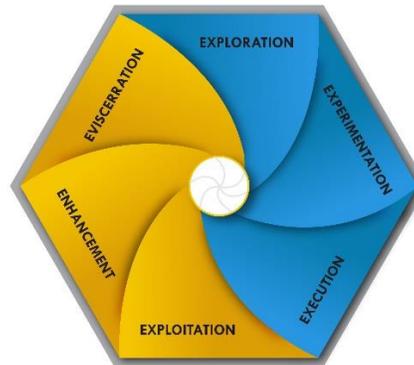
Portfolio

Finally, it's interesting and insightful to consider the Pinwheel as an idea and product portfolio.   Good innovators should have activities underway, all the time, in each stage of the Pinwheel, in order to constantly develop new ideas and to reap the benefits of existing products and services. The Pinwheel model offers a holistic look at the entire lifecycle, and provides executives with information necessary to request more efforts where they are lacking (most likely in Exploration) and to redirect investments from phases where the marginal return may be lower (perhaps in phases like Exploitation or Enhancement). Using the pinwheel as a portfolio framework will highlight phases where there is little or no current activity. Identifying those phases and ensuring that the lack of activity is in line with corporate strategy, rather than an oversight, is important.

Marginal Return

An analysis of potential marginal return is another valuable use of the Pinwheel. In this analysis, we can examine each of the six phases to consider how much additional benefit would be generated by an incremental investment over what's currently invested in the phase. For many organizations, Execution, Exploitation and Enhancement receive the lion's share of investment, while Explore and Experiment receive a far smaller investment and Eviscerate receives little to no investment.

Since free cash flow is limited and the funds for incremental investments are probably constrained, it makes sense to invest in activities that provide the largest potential gain. Further investment in Execution, Exploitation and Enhancement is unlikely to generate higher return, because for many companies these already receive significant investment and have been consistently optimized. However, even a small incremental investment in Explore and/or Experiment is likely to have a much larger return, because so little has been invested in these activities.

From an investment perspective, the best activities to invest in across the life cycle are activities like Explore and Experiment, and possibly Eviscerate, where the potential marginal return is much higher.

Siloes or System?

Now that we've established the importance of thinking the lifecycle of an idea as a system, let's examine the reality of the idea lifecycle today. Using our Pinwheel model of the lifecycle, we can start to think about how the system (and each phase) is defined, managed and governed. A careful examination will indicate that the lifecycle is not managed or governed holistically, but divided up, with different expectations, different ownership or governance, different skill levels and significant transition gaps as we've already seen.
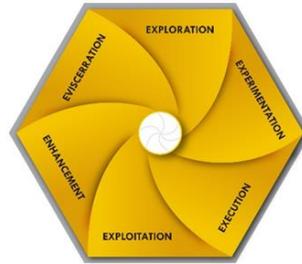
Let's consider the different phases, looking specifically at the differences in phase ownership, governance and the availability of defined processes.

Phase	Definition	Ownership	Governance	Process / Methods
Exploration	Discovering new needs, spotting emerging trends	Distributed. No clear owner or team responsible.	Discretionary budgets. Little planning	No defined processes. Few internal skills
Experimentation	Testing alternatives, validating prototypes	R&D for technology firms. Distributed or non-existent in other companies.	Discretionary budgets. Little planning.	No defined processes. Few internal skills outside R&D
Execution	New product or service development and launch	Distributed but tightly controlled. Shared service.	Carefully budgeted with project priorities established and constantly reviewed	A regulated, highly scripted process (Stage-Gate, Agile). Deep internal skills
Exploitation	Marketing and selling an existing product	Marketing and sales own this phase.	Carefully budgeted marketing programs. Sales teams with quotas and constant reporting	Defined marketing and sales processes. Deep internal skills
Enhancement	Revising, improving, extending an existing product or service	Distributed. Sales and marketing request features; product development revises products	Carefully budgeted and governed due to product development methodologies.	Deep marketing and sales processes. Good internal product development skills
Evisceration	Creating a graceful end of life for existing products	Not clear. Probably product management but few want the responsibility	Little governance since it is rare to "harvest" existing products.	Little process definition.

From this analysis we can understand that the "life cycle" of an idea is highly variable, a mishmash of well-defined and regulated processes with clear ownership, combined with nebulous and poorly defined activities with no clear owner or methodology. Worse, several transitions occur where there are dramatic shifts in definition, governance and ownership. It's a wonder that products are developed and launched successfully as we examine the differing levels of management oversight and process/lifecycle definition.

Thinking about and defining this end to end activity as a system or lifecycle could create a much more consistent treatment of ideas and products. While it may not be possible to provide one seamless process or remove the variability between the different phases in terms of governance, oversight or process definition, thinking about the lifecycle as a continuous process, worthy to be managed end to end rather than as a series of mismatched siloes can drive real benefits. Most importantly, a well-defined and well-managed lifecycle will accelerate better ideas to market in less time, will force real tradeoffs between promising new ideas and aging incumbent products, and will increase revenue, differentiation and profits.

A dynamic, interactive, iterative system

The duality of explore:exploit suggests a static framework to structure an organization and its activities. Using this formula, a team is either exploring or exploiting, and all resources, investments and processes should be aligned to one or the other of these two activities. Instead of this duality, we believe decision makers should establish a dynamic, interactive and iterative system. Let's examine these three characteristics.

The lifecycle should be dynamic – subject to change and evolution – rather than static because the markets and customers it serves are also evolving and changing constantly. A flexible, configurable lifecycle adjusts and learns as we implement it, versus a static system which attempts to retain historical structures. Further, the lifecycle should be interactive – that is, encourage give and take, gaining new knowledge, taking on new insights – rather than static and complacent, based on past experience and knowledge. Finally, the system should be iterative. While the Pinwheel signals clockwise movement from Exploration to Evisceration, it's also equally likely for good ideas in Experimentation to spark new Exploration, or for efforts in Enhancement to kick off new Execution or even new Experimentation.

Conclusion

The explore:exploit duality is an artificial framework, created by senior executives and consultants to assuage differences in methods, tools and investments in innovation and efficient operations as innovation became more strategically important. In an effort to isolate and inoculate efficient operations and processes, the duality allows a division between highly exploratory and variable innovation activities and highly scripted and regulated core activities. This duality is too simplistic, too high level and too rigid to describe the true lifecycle of ideas and products, and should be replaced by a more careful examination of the actual phases of innovation. The duality helpfully introduces the concept of exploration but doesn't define it or link it to other value creating activities like Experimentation, or the conversion of ideas into products and services in Execution.

The idea/product lifecycle is a dynamic system that Exploration and Exploitation as key activities, but the system is more robust, more interactive and more iterative than the explore:exploit duality suggest, and the system recognizes the interaction between these steps and the importance of adequate capability in each step. As we define this lifecycle as a system, executives must address a rebalancing of investments to ensure activities across the entire idea/product lifecycle, deciding how to increase Exploration and Experimentation to fuel more innovation, and whether to insource those skills or to rely on trusted partners to conduct the early stages of lifecycle creation. Executives must consider the phases within the system as a portfolio, ensuring active projects in each phase of the lifecycle, constantly evaluating and balancing activities across the portfolio.

As innovation grows in strategic importance, companies cannot afford to simply relegate innovation activities to a poorly defined and poorly staffed "Explore" activity, but must construct and convey to their teams the importance of an idea/product system.